

CONFIDENTIAL

HIGHLY CONFIDENTIAL
SUBJECT TO
PROTECTIVE ORDER

**VISA INTERNATIONAL
MANAGEMENT EXECUTIVE COMMITTEE
23 and 29 January 1996**

Attendance: All members were present on 23 January. All members except Carl Pascarella were present on 29 January. Ray Barnes also was present. • Other staff members were present during part of the meeting. Linda Floyd acted as Secretary.

Place & Time: Videoconference
23 and 29 January 1996

Advance Materials: Mailed and delivered on 12 January 1996

316. Approval of Minutes

Upon motion duly made, seconded and unanimously carried, the minutes of 10-12 December 1995 were approved.

317. Group-wide Milestones

The methodology for benchmarks continues to be refined. A list of proposed milestones was distributed, such list attached to the minutes of this meeting as Exhibit A. The Committee discussed which milestones should be retained or revised, and proposed additional milestones. Proposed dates for each milestone will be distributed to the Committee in February. The milestones also will be related to the strategic map for the Board. Event-driven milestones will be considered for development accomplishments that are more difficult to measure.

**318. American Express/JCB Competitive Review Report
(CONFIDENTIAL ITEM)**

A summary of the project group's findings was presented. American Express has been the focus of the project to date, because it is the most significant global competitor. It was recommended that Visa prohibit Members from issuing American Express products, except for Member arrangements of long standing. On the acquiring side, it was recommended that the Board prohibit Members from signing merchants and sharing information with American Express. The Committee then discussed the European Commission complaint filed by American Express, challenging the proposed Visa By-Law on issuing. A press release has gone out responding to the complaint. The letter sent by American Express's President to Visa International Directors was read for the Committee. Pros and cons of including JCB, Diners Club and Discover in the International Board proposal also were discussed.

P-0655

**GOVERNMENT
DEPOSITION
EXHIBIT
218**

**HIGHLY
CONFIDENTIAL**

V02 0285

CONFIDENTIAL

HIGHLY CONFIDENTIAL
SUBJECT TO
PROTECTIVE ORDER

319. **Commercial Card**

a) **Servicing Multinational Companies**

After review by management of the top 500 multinational companies and their corporate card programs, it was recommended that, to effectively compete with American Express, Visa should allow Members to issue corporate T&E or Purchasing cards wherever employees of the multinational reside, subject to certain conditions on location of the Issuer. The Committee discussed deleting the Issuer location restriction on commercial cards, while retaining current Visa rules on cross border issuing of consumer cards. A proposal will be prepared for presentation to the Board.

b) **Inter-Regional Interchange Rates**

Proposed inter-Regional interchange rates for commercial cards also were endorsed for presentation to the Board.

320. **STT Update**

The Agreement has been signed with MasterCard on the secure transaction technology standards. This will be announced when the joint specifications are completed, expected by 15 February.

The Committee adjourned and then reconvened on 29 January.

321. **Brand Strategy (CONFIDENTIAL ITEM)**

Research on the brand strategy is continuing. Current results indicate that subbranding is clearer than endorsement for linking brands. Very little equity or name value was found in the Electron, Interlink or PLUS marks. Names that fit the branding criteria are being reviewed. A proposal for the convergence of deposit access brands was presented, such presentation attached to the minutes of this meeting as Exhibit B. A hybrid product with features of the existing products will be needed to avoid disrupting the marketplace. Coexistence of marks on cards also was discussed. This topic will be deferred until the June Board, with a major press announcement after that meeting.

322. **1998/2000 Olympic Contract Update**

A report on negotiations for the 1998/2000 Olympic Games was presented. The product category for Visa has been extended to include stored value cards and electronic commerce. Visa also will have exclusivity for all on-site activities, as well as for travelers checks and ticket sales by third parties. In return, Visa has agreed that telecommunication companies could put the Olympic mark on phone cards and have them used on site.

HIGHLY
CONFIDENTIAL

V02 0286

CONFIDENTIAL

HIGHLY CONFIDENTIAL
SUBJECT TO
PROTECTIVE ORDER

323. **Investment Opportunity** (CONFIDENTIAL ITEM)

It was clarified that the proposed agreement with Microsoft for Visa Interactive bill payment must be reviewed with the EU and U.S. Regional Boards, but that it is optional for review by the other Regional Boards.

324. **STT Update**

The Committee discussed the timing of the joint press release with MasterCard on the specifications and that all public communications on the joint specifications must be made jointly with MasterCard.

325. **Performance Reports**

Favorable variances for the quarter and the year were reported, with the U.S. Region running most of the favorable variances in revenues and the other Regions right on plan. Favorable expense variances of U.S. \$46 million are spread throughout all activity units. Volume indicators are declining as expected. Revenues, although favorable, will need to be watched closely and detailed reforecasts prepared for the year. Burn rates on expenses also will need to be watched. It was recommended that any variances should be saved in case they are needed.

326. **Risk Committee Meeting**

The Committee adjourned to conduct the Risk Committee Meeting and then reconvened.

327. **American Express** (CONFIDENTIAL ITEM)

The Committee returned to their discussion of American Express. A paper will be prepared for Committee members on the issues. The Board will be advised that the Regions are reviewing proposals on the issuing of and acquiring for American Express, JCB and Discover cards, as well as proposals to make the VISA corporate card program more competitive. A proposal on ATM link agreements also will be included. To ensure confidentiality, no advance materials will be sent on this topic to any Board.

328. **Visa Interactive** (CONFIDENTIAL ITEM)

The Committee discussed the circumstances under which an announcement of the Microsoft agreement could occur before the March International Board meeting. The use of "e-pay" as a brand name for the service was endorsed for presentation to the Board, subject to completion of market research. Use of "VISA" on the software box for the stand-alone bill pay service also was endorsed for presentation to the Board.

HIGHLY
CONFIDENTIAL

V02 0287

CONFIDENTIAL

HIGHLY CONFIDENTIAL
SUBJECT TO
PROTECTIVE ORDER

329. **Amendments to the International Operating Regulations**

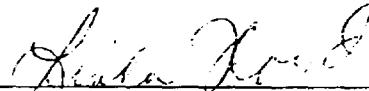
Amendments to the Visa International Operating Regulations for Operating Principles previously approved by the International Board were proposed. Upon motion duly made, seconded and carried, it was

RESOLVED, that the Operating Regulations summarized in the Executive Summary, attached to the minutes of this meeting as Exhibit C, are hereby adopted.

330. **Other Business**

It was requested that management review cross border gambling to develop a common position for all Regions. The next Management Executive Committee meeting is scheduled for 2 March in London.

There being no further business, the meeting was adjourned.



Linda Floyd

HIGHLY
CONFIDENTIAL

V02 0288